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SUBJECT: NIGERIA: ECONOMIC ROUNDUP MAY 16

REF: A. ABUJA 576
[B](#). ABUJA 440

[1](#)1. This periodic economic report from Abuja and Lagos includes:

--GON Approves World Airways
--Ministry of Aviation Launches Nigerianglobal
--Nigeria Bans Ice Cream Imports

GON Approves World Airways

[1](#)2. Minister of Aviation Kema Chikwe announced at an April 10 press conference that U.S. carrier World Airways had been approved to begin charter service between Lagos and New York, Atlanta, and Houston. World Airlines had hoped to begin flying in March but experienced difficulty securing landing rights (Ref A). Minister Chikwe attributed the delay in approval to the Ministry's desire to perform "due diligence" on the airline. World Airways would be the first American carrier to establish direct service under the 1999 Open Skies Agreement. With Nigeria Airways not now flying, the new service would be the only direct passenger and air cargo link between the United States and Nigeria.

[1](#)3. Chikwe had written the Ambassador April 16 stating that Nigeria had approved World Airways to operate flights in and out of Nigeria. However, the letter also said "a technical and economic assessment of the airline and its Nigerian agent would be undertaken by the Nigerian Civil Aviation Authority (NCAA) to facilitate the commencement of operations." A diplomatic note dated April 28 conveyed the same information.

[1](#)4. We replied to clarify that the terms of the Open Skies Agreement give the sending country the authority to designate an airline; the role of the receiving country is to grant operating authority with minimum procedural delay.

[1](#)5. On May 15, Minister Chikwe told the Ambassador and then announced to the media at an event to mark a U.S. donation of security equipment to Nigeria that World Airways had been approved and there were no further requirements for World Airways to begin service. She said the letter informing us of additional requirements was sent in error. World Airways is set to make its inaugural flight to Lagos on May 29, inauguration day in Nigeria.

Ministry of Aviation Launches Nigerianglobal

[1](#)6. The Ministry of Aviation signed an agreement with Swiss firm Triaton AG to operate a new airline called Nigerianglobal. The airline, slated to begin operations late this month, would assume the international routes of Nigeria Airways. We have not received formal word whether Nigerianglobal intends to serve the United States. However, Triaton's business proposal indicates the company plans to fly all Nigeria Airways routes, including flights to the United States.

[1](#)7. Comment: This is the second time in less than a year that Minister Chikwe has tried to create a new national carrier. In 2002, a controversial deal with a U.K.-based firm to form a new airline from Nigeria Airways' liquidated assets failed after the National Assembly and the Bureau of Public Enterprises, alleging a lack of transparency and that the Minister had outstripped her authority by unilaterally approving the deal (Ref B). The Nigerianglobal deal may face the same stiff opposition, including from labor unions seeking compensation for Nigeria Airways employees. However, President Obasanjo reportedly favors Nigeria having a state-owned "national carrier," so some carrier is likely to be established. End Comment.

Nigeria Bans Ice Cream Imports

18. Director General of the National Agency for Food and Drug Administration and Control wrote FAS in Lagos on May 2 that ice cream imports would be banned. The letter said that "edible ices are delicate products requiring special handling" and that "international standards on edible ices have been abolished." Therefore, the agency "has discontinued the registration of edible ices." The letter concludes: "Interested companies have been advised to set up local factories for the production of edible ices for the ease of monitoring and compliance with national standards." (Note: In 2002, the United States exported \$144,000 in ice cream to Nigeria. The makers of "Blue Bunny" ice cream, a brand popular in the midwest United States and in Nigeria as well, have plans to operate a factory in Nigeria. No timetable for the proposed investment is available. End Note.)
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